

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-14 ISO-00 SP-02 ICA-20 AID-05
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-01 INR-10 NSAE-00 XMB-04 OPIC-06
LAB-04 SIL-01 AGRE-00 DOE-15 SOE-02 MMO-04 /138 W
-----000485 021720Z /43

R 021616Z MAY 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 5699
INFO AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
USMISSION GENEVA
AMEMBASSY LUXEMBOURG
AMEMBASSY ROME
AMEMBASSY THE HAGUE
AMCONSUL EDINBURGH
AMCONSUL BELFAST

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E.O. 11652: N/A
TAGS: ETRD, BEXP, UK
SUBJECT: EXPORT PROMOTION MEASURES

REF: STATE 95673

1. BEYOND THE HOST OF INCENTIVES AND DISINCENTIVES FOR
U.S. FIRMS TO EXPORT IS A BASIC ATTITUDINAL PROBLEM;
AMERICANS DO NOT EXPORT, JUST AS THEY DO NOT LEARN
FOREIGN LANGUAGES, BECAUSE THEY PERCEIVE NO NEED.
BECAUSE THIS ATTITUDE UNDERSTANDABLY TENDS TO BE SHARED
BY THE PEOPLE'S ELECTED REPRESENTATIVES, THERE WILL BE
MAJOR DIFFICULTIES IN CHANGING THIS STATE OF AFFAIRS.
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2. THE FOREIGN SERVICE PERFORMS FOR U.S. BUSINESS AN
IMPRESSIVE RANGE OF SERVICES FOR THOSE U.S. FIRMS THAT
WISH TO EXPORT. THE OFTEN-EXPRESSED ADMIRATION OF OTHER
NATIONS' OFFICIALS FOR OUR PROGRAM OF ASSISTANCE IS
GENUINE AND DESERVED. INNOVATIONS ARE ON-GOING (E.G.,
THE VSMF AND TEMPS SCHEMES) BUT OVERSEAS RESOURCES ARE

LIMITED AND VIRTUALLY ANY NEW ACTIVITY MUST MEAN CURTAILING OR ABANDONING AN EXISTING AND OFTEN USEFUL SERVICE. IN ANY CASE, HOWEVER EFFECTIVE THE INNOVATIONS AND REFINEMENTS TO OUR OVERSEAS PROGRAMS, NONE OF THESE WILL NET MUCH GAIN IF THE BUSINESS ENVIRONMENT FOR EXPORT IN THE U.S. IS NOT RADICALLY IMPROVED, AND THIS WILL NOT BE ACCOMPLISHED BY PUTTING UP POSTERS. ELEMENTS OF THE PROBLEM ARE VIRTUALLY AT THE LEVEL OF INFRASTRUCTURE.

3. BEARING THE ABOVE IN MIND, IN RESPONSE TO REFTTEL WE HAVE LISTED BELOW SOME IDEAS FOR EXPORT IMPROVEMENT WHICH WE THINK SHOULD BE CONSIDERED. PROBABLY NONE OF THESE IS A NEW IDEA, BUT WE WONDER IF THEY ALL HAVE BEEN ADEQUATELY CONSIDERED. WE HAVE TRIED TO BE SUCCINCT AS REQUESTED AND OF COURSE WOULD BE GLAD TO ELABORATE IF REQUESTED.

A. MUCH OF THE BUSINESS COMMUNITY IN THE U.S. IS NOT EXPORT ORIENTED, LACKS INTEREST IN EXPORTS AND, AS A RESULT, LACKS KNOW-HOW. A MAJOR AND CONTINUING EDUCATIONAL EFFORT IS NEEDED.

B. SIMILARLY A MAJOR EFFORT IS NEEDED TO SECURE MORE WIDESPREAD ADAPTION OF PRODUCTS TO WHAT FOREIGN CUSTOMERS WANT. SYSTEMS OF MEASURES, WEIGHTS AND STANDARDS ARE AN UNCLASSIFIED

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IMPORTANT PART OF THIS, E.G. FULL AVAILABILITY OF METRIC MEASUREMENTS.

C. ALLEVIATION OF TAX LEGISLATION PERTAINING TO AMERICANS OVERSEAS.

D. CONSIDER LEGISLATIVE REFORM TO USE SOME FORM OF VALUE ADDED TAX IN PLACE OF SOME PART OF DIRECT INDIVIDUAL OR CORPORATE TAXATION AND REMISSION OF VAT ON EXPORTED GOODS (BUT NOT EXPORT TAX INCENTIVES INCONSISTENT WITH OUR INTERNATIONAL OBLIGATIONS).

E. INCREASED PARTICIPATION IN NATIONAL AND INTERNATIONAL EXHIBITIONS ABROAD AND ASSISTANCE TO AMERICAN FIRMS IN PARTICIPATING.

F. INCREASED USE OF BUSINESS INFORMATION OFFICES AT MAJOR EXHIBITIONS.

G. INCREASED EFFORTS TO ATTRACT FOREIGN BUYERS TO U.S. EXHIBITIONS.

H. A PERENNIAL BUREAUCRATIC PROBLEM THAT INVITES REFORM LIES AT THE COMMERCE DISTRICT OFFICE LEVEL. WHATEVER THE SERIES OF REORGANIZATIONS IN BIC/ITA HAVE ACCOMPLISHED, THE INTERNATIONAL TRADE SPECIALISTS IN THE DISTRICT

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C O R R E C T E D C O P Y (CCY FOR OMISSIONS IN PARA S.)

OFFICES SEEM AS REMOTE AS EVER FROM THEIR FOREIGN SERVICE TEAM-MATES. BUREAUCRATIC ISOLATION FROM THE OTHER DISTRICT OFFICE FUNCTIONS AND A DIRECT LINE TO THE FOREIGN SERVICE IS ESSENTIAL TO REALIZING THE POTENTIAL OF THESE SPECIALISTS WHO ARE IN DAILY, DIRECT CONTACT WITH U.S. BUSINESS WHEN GIVEN THE TIME AND MEANS TO DO SO. HOWEVER, CREATION OF REGIONAL EXPORT ASSISTANCE CENTERS IN EACH OF THE NATION'S REGIONAL MARKETS WOULD PROVIDE AN ADVISORY SERVICE AT THE GRASSROOTS AND REMOVE SOME OF THE PRESSURE ON THE DISTRICT OFFICE SPECIALISTS.

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I. INCREASED USE OF VISITS OF COMMERCIAL OFFICERS TO U.S. EXPORT-ACTIVE AREAS (NORMALLY WORKING WITH DOC DISTRICT OFFICES).

J. INTENSIFY INTERCHANGE OF FOREIGN SERVICE COMMERCIAL OFFICERS AND DOC OFFICERS WITH INTERNATIONAL MARKETING DIVISIONS OF CORPORATIONS.

K. GREATER USE OF IMPROVED TECHNIQUES FOR PRODUCT AND SOURCE INFORMATION STORAGE AND RETRIEVAL.

L. IMPROVED FOLLOW UP AT THE U.S. END IN TRADE OPPORTUNITIES PROGRAM.

M. INCREASED AND IMPROVED FACILITIES FOR TARGETTED MARKET RESEARCH IN SPECIFIC FOREIGN MARKETS AND TO INCLUDE SPECIFIC RECOMMENDATIONS FOR EXPLOITING THOSE MARKETS.

N. IMPROVED COOPERATION WITH STATE PROMOTIONAL OFFICES.

O. EXAMINE EXIMBANK PROCEDURES TO SEE IF SIMPLIFICATION AND SPEED UP ON LOAN DECISIONS MAY BE POSSIBLE (BUT NOT EXPORT CREDIT COMPETITION).

P. CONSIDER POSSIBLE CHANGES IN ANTI-TRUST LEGISLATION OR IMPLEMENTATION TO PERMIT GREATER COOPERATION AMONG G GOODS AND SERVICES ABROAD. THIS MIGHT INCLUDE:

(I) CONSORTIA OR OTHER COOPERATION IN PROJECT BIDDING,

(II) COOPERATIVE ARRANGEMENTS FOR DISTRIBUTION AGENCIES,
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AND

(III) COOPERATIVE ARRANGEMENTS FOR SERVICING AND MAINTENANCE.

Q. INVESTIGATE POSSIBLE ENCOURAGEMENTS TO MAJOR TRANS-NATIONAL CORPORATIONS TO USE THEIR DISTRIBUTION AND SERVICING FACILITIES AS AGENTS ABROAD FOR SMALLER COMPANIES IN COMPLIMENTARY PRODUCT LINES.

R. INVESTIGATE WHETHER LINER SHIPPING RATES TO AND

ESPECIALLY FROM THE U.S. ARE, AS THEY ARE SAID TO BE,
HIGHER THAN RATES ON COMPARABLE ROUTES BETWEEN OTHER
COUNTRIES, AND WHY.

S. CONSIDER WHETHER PRESENT REGULATORY LEGISLATION AND
PRACTICE CONCERNING INTERMODAL TRANSPORT TO FOREIGN
DESTINATIONS IS ADEQUATE. BREWSTER

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